

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 9918-J4
NATURAL GAS COMPANY, INC.)	

O R D E R

On August 10, 1987, in Case No. 9918, the Commission approved certain adjusted rates for Mt. Olivet Natural Gas Company, Inc. ("Mt. Olivet") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On January 6, 1995, Mt. Olivet filed its GCA proposed to be effective from January 1, 1995 to April 1, 1995.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Mt. Olivet's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs to its customers. Mt. Olivet's proposed expected gas cost ("EGC") was not based on the most current pipeline rates and reflected unusually high gas cost because of the methodology used in its calculation. Using the rates effective January 1, 1995 for its pipeline transporters and annualizing purchase calculations result in an EGC of \$4.1336 per Mcf.

2. Mt. Olivet has current refunds of \$343, or .76 cent per Mcf, to return to its customers. The total refund adjustment of 7.70 cents per Mcf reflects the current and a previous quarter adjustment.

3. The notice set out a current quarter actual adjustment ("AA") of 16.84 cents per Mcf to recoup underrecoveries of gas cost from July, August, and September 1994. Mt. Olivet used the EGC of \$5.5687 proposed in this case in its current AA calculation instead of the \$3.5817 per Mcf EGC which was actually in effect for these months. Correcting this error yields a current AA of 22.85 cents per Mcf. The total AA of (7.91) cents per Mcf reflects the current undercollection as well as under- and over-collections from previous quarters.

4. These adjustments produce a gas cost recovery rate of \$3.9775 per Mcf, 57.80 cents per Mcf more than the prior rate.

5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved. Pursuant to KRS 278.180, these rates are effective for gas supplied on and after the date of this Order to provide 30 days notice of the increase.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mt. Olivet be and they hereby are denied.

2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.

3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 13th day of February, 1993.

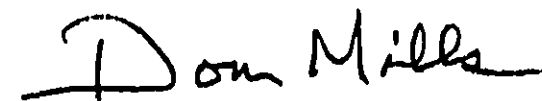
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9918-J4 DATED FEBRUARY 13, 1995

The following rates and charges are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cu. ft. or less	\$2.98	\$3.9775	\$6.9575
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	3.9775	5.2388
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	3.9775	5.0388
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	3.9775	4.8888
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	3.9775	4.6888